

Massachusetts Climate Action Network

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Watertown Citizens for Environmental Safety
Westwood Environmental Coalition

December 17, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Dear Secretary Cottrell:

This original, and the five enclosed copies, constitute the initial comments of Massachusetts Climate Action Network ("MCAN") into DTE 03-100, NSTAR Electric's proposed "new renewable power supply offering." We expect to comment further in a brief at the conclusion of the proceeding.

1) Having an option of purchasing green power available on NSTAR's bills would be an improvement over the current situation, in which no such product is available to residential and small business customers in NSTAR's service territory. Even if green power were available, the ability of wholesalers to market the power, without access to NSTAR's bills as a communications device, would be quite limited.

2) Although the NSTAR Green proposal is better than having no option available, both state legislation and DTE decisions state an affirmative duty upon the DTE to promote environmental protection through electricity supply. Thus, the DTE has an obligation to see that the best possible system for promoting use of electricity sources that minimize air pollutants (including carbon dioxide and other greenhouse gas emissions) is created, not simply that a new option is created which is better than no option. The state's Electric Restructuring Act states that:

"[T]he primary elements of a more competitive electricity market will be customer choice, preservation and augmentation of consumer protections, full and fair competition in generation, and **enhanced environmental protection goals.**" [emphasis added]

In its order for DTE 02-40-B, the Department reminded everyone that its overall goal:

"...is to develop an efficient industry structure and regulatory framework that minimizes long-term costs to consumers while maintaining the safety and reliability of electric **services**

with minimum impact on the environment." [emphasis added] (from DPU 95-30, at i-ii, Electric Industry Restructuring)

On initial review, it appears that NSTAR Green is very far from providing an optimal system for developing the green power market, as discussed further below.

3) The brief information available at present on NSTAR Green is not sufficient to fully evaluate the impacts of the offering on the development of both the demand for and supply of renewable energy. Responses to the DTE's first set of information requests should begin to provide some answers. Those requests imply some of the major issues that affect the value which NSTAR Green would provide, including:

- a) what types of renewable energy will be included within NSTAR Green?
- b) for what period of time will the power sources be contracted for?
- c) why did NSTAR choose to offer only one product rather than a range of products?
- d) why did NSTAR choose **not** to offer a model in which "competitive suppliers and electricity brokers view for the opportunity to provide green product options directly to customers through the Company."

4) NSTAR must justify why its proposed system of offering only one renewable energy option on its bills, with that option provided by NSTAR itself, is superior to the GreenUp system now in operation by Mass Electric, in which four suppliers and a total of seven product options are available. As the DTE stated in its order 02-40-B, competition is not an end in itself, but a means to an end, so we do not assume that having four competitive suppliers is necessarily better. But the burden is on NSTAR to show why more competition would not be desirable, and why more than one product would not be better.

5) By being the only green power supplier that will appear on its own bills, NSTAR is giving itself an enormous marketing advantage over competitors who are only able to market through other means. NSTAR is in effect using its monopoly over the distribution and billing system to subsidize its ability to sell NSTAR Green. This appears to violate the DTE's goals for a competitive market, as stated in DTE 02-40-B.

6) The requirement that NSTAR Green be composed entirely of new renewable resources is very positive, due to the presumption that this will contribute more to developing supply than would utilization of older sources. Having 25 percent of their power come from new renewables appears to be better than the percentages from four of the products offered under GreenUp and equal to two of the products, with only one out of the seven products offering 50 percent new renewables.

7) Can NSTAR really obtain sufficient amounts of new renewables to satisfy all potential customers? If not, putting customers on a waiting list is a rather undesirable means of handling the situation. Given that at present the amount of new renewables available in Massachusetts is very limited, and that the GreenUp vendors have already made great efforts to contract for that supply, wouldn't it make more sense to have those vendors be able to sell directly to NSTAR's customers?

8) Under GreenUp there are currently five product options in which customers would receive 100 percent of their power from renewable sources, and two at 50 percent. This would appear to be substantially more attractive to potential customers than NSTAR Green's offering of only 25 percent renewables. While presumably NSTAR Green will be less expensive than the GreenUp products, is this really the best way to attract customers or to develop the market for green power. At a minimum, wouldn't it be better to have more options available to customers?

9) NSTAR Green will contain a minimum of only 5 percent solar and/or wind supply. This is less than all of the offerings under GreenUp except one, which range from 10.50 to 50 percent wind and solar. It is likely that as a result NSTAR Green will be significantly less attractive to customers.

10) What will be the geographic sources of NSTAR's renewable supply? Both for substantive reasons of developing nearby sources, and for marketing purposes, there is a value to having as much of the supply as possible come from Massachusetts and from New England.

11) To develop the supply side of the market, it is essential that potential producers have confidence that there will be reliable long-term demand for their products. It appears problematic that NSTAR proposes to purchase renewable supply under one-year contracts. This is insufficient for producers to justify making the large capital investments needed for new supplies.

12) NSTAR Green would create two quite different systems for marketing green power by the state's largest electric utilities. There might well be advantages to this, in evaluating what marketing models work best. However, having two different systems is likely to be extremely burdensome to other sellers, such as the four vendors operating under Mass Electric's GreenUp program, who will have to set up two completely different business systems for the two service territories.

Yours truly,

Marc Breslow, Ph.D.
Director